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UNCLAS HANOI 000641

SIPDIS

SENSITIVE BUT UNCLASSIFIED

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SUBJECT: VIETNAM TERRORIST FINANCE: 2005 UPDATE NO. 2

REF: STATE 32688

1. (SBU) The following paragraphs contain answers to reftel questions and provide an evaluation of Vietnam's ability to cooperate in disrupting terrorism financing.

2. (SBU) The Government of Vietnam (GVN) has not frozen, forfeited or seized any assets pursuant to UNSCR Resolutions 1267 and 1373.

3. (SBU) The USG has not requested GVN cooperation in co-sponsoring any designations. There are no evident impediments to further cooperation on counterterrorism finance.

4. (SBU) The GVN is in the initial stages of development of anti-terrorist financing regimes. Although the GVN recognizes the need for legislation and development of administrative measures regarding Anti-Money Laundering (AML), they still assess the possibility of terrorist finance activities in Vietnam as negligible. Post believes that the GVN would be very willing to accept USG training and technical assistance but would be much more open to an offer from a combined AML/TF perspective. The GVN is more likely to accept a USG assessment of training needs if the assessment is the initial part of an agreed-upon arrangement for training or technical assistance. Priority assistance needs in Vietnam include raising awareness of signs of money laundering and encouraging development of an anti-terrorist regime, including Financial Intelligence Unit equipment and training.

5. (SBU) The GVN has recently begun to take concrete steps toward the prevention and control of money laundering. A new AML decree is expected to be passed in 2005. However, Vietnamese legal provisions on counter terrorism financing are covered in various legal documents. They have not yet established a separate legal document governing the prevention and suppression of terrorism financing. The GVN believes and Post agrees that the risk of terrorist threats emerging from the Vietnamese population is very low. Post believes that the risk that VN will be used as a site for significant fund raising is low. Although the government monitors international financial transactions in Vietnam closely, it is not clear whether the procedures will effectively preclude money laundering or terrorism financing. Post believes there is a low risk that Vietnam would be a site for significant banking services for terrorists, however there is a higher risk for other money laundering. For example, there are significant documented instances of drug money laundering.

MARINE